

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02514A  
Quail Creek Water Company  
9532 East Riggs Rd.  
Sun Lakes, AZ 85248

RECEIVED

MAY 15 2007

AZ CORP COMM  
Director Utilities

**ANNUAL REPORT**

FOR YEAR ENDING

12	31	2006
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FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

S-16-07

SCANNED

## COMPANY INFORMATION

**Company Name (Business Name)** Quail Creek Water Company, Inc

**Mailing Address** 9532 E. Riggs Rd  
(Street)

Sun Lakes  
(City)

AZ  
(State)

85248  
(Zip)

(480) 895-9200

Telephone No. (Include Area Code)

(480) 895-4347

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**Local Office Mailing Address** 1425 N. Quail View  
(Street)

Green Valley  
(City)

AZ  
(State)

85614  
(Zip)

(520) 825-3423

Local Office Telephone No. (Include Area Code)

(520) 825-0712

Fax No. (Include Area Code)

(520) 932-5887

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

## MANAGEMENT INFORMATION

**Management Contact:** James Poulos General Manager  
(Name) (Title)

9532 E. Riggs Rd  
(Street)

Sun Lakes  
(City)

AZ  
(State)

85248  
(Zip)

(480) 895-9200

Telephone No. (Include Area Code)

(480) 895-4347

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**On Site Manager:** Ed Baker

(Name)

40004 S. Ridgeway Blvd  
(Street)

Tucson  
(City)

AZ  
(State)

85739  
(Zip)

(520) 825-5515

Telephone No. (Include Area Code)

(520) 825-0712

Fax No. (Include Area Code)

(520) 932-5887

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent:</b> <u>James D Hubbard</u>			
(Name)			
<u>9532 E. Riggs Rd.</u>	<u>San Luis</u>	<u>AZ</u>	<u>85248</u>
(Street)	(City)	(State)	(Zip)
<u>(480) 895-9200</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b> <u>Marty Aranson</u>			
(Name)			
<u>One E. Camelback</u>	<u>Phoenix</u>	<u>AZ</u>	<u>85012</u>
(Street)	(City)	(State)	(Zip)
<u>(602) 263-2972</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |  |                                   |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE         | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM          | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA        | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI         | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |  |                                   |

COMPANY NAME Quail Creek Water Company

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises	37,295	26,729	10,566
303	Land and Land Rights	92,895	Ø	92,895
304	Structures and Improvements	9,740	2,173	7,567
307	Wells and Springs	169,471	122,047	47,424
311	Pumping Equipment	103,469	89,401	14,068
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	182,133	81,113	101,020
331	Transmission and Distribution Mains	1,395,908	279,774	1,116,134
333	Services	300,713	15,114	285,599
334	Meters and Meter Installations	69,417	3,961	65,456
335	Hydrants	177,749	20,179	157,570
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	6,000	6,000	Ø
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	47,830	22,026	25,804
	<b>TOTALS</b>	<b>2,592,620</b>	<b>668,517</b>	<b>1,924,103</b>

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Quail Creek Water Company

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises	37,295	4.00 %	1,492
303	Land and Land Rights	92,895	0 %	0
304	Structures and Improvements	9,740	4.78 %	466
307	Wells and Springs	169,471	4.26 %	7,226
311	Pumping Equipment	103,469	2.44 %	2,522
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	182,133	2.52 %	4,590
331	Transmission and Distribution Mains	1,395,908	2.13 %	29,701
333	Services	300,713	1.65 %	4,957
334	Meters and Meter Installations	69,417	1.80 %	1,250
335	Hydrants	177,749	1.94 %	3,448
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	6,000	0 %	0
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	47,830	10.51 %	5,025
	<b>TOTALS</b>	<b>2,592,620</b>	<b>2.34 %</b>	<b>60,677</b>

This amount goes on the Comparative Statement of Income and Expense  
Acct. No. 403.

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 93,508	\$ 72,443
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	63,226	60,677
146	Notes/Receivables from Associated Companies		8,616
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	2,997	2,997
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 159,731	\$ 144,733
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 2,363,550	\$ 2,592,620
103	Property Held for Future Use		
105	Construction Work in Progress	43,189	43,189
108	Accumulated Depreciation – Utility Plant	(607,840)	(668,517)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 1,798,899	\$ 1,967,292
	<b>TOTAL ASSETS</b>	\$ 1,958,630	\$ 2,112,025

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME *Quail Creek Water Company*

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ 29,094	\$ 7,271
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	55,263	
235	Customer Deposits		370,189
236	Accrued Taxes	242,065	184,084
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	325,670	1,038
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 652,092	\$ 562,582
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$ 652,092	\$ 562,582
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 3,500	\$ 3,500
211	Paid in Capital in Excess of Par Value	695,896	695,896
215	Retained Earnings	607,142	850,047
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 1,306,538	\$ 1,549,443
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 1,958,630	\$ 2,112,025

COMPANY NAME Quail Creek Water Company

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 526,318	\$ 652,530
460	Unmetered Water Revenue		
474	Other Water Revenues	17,700	17,485
	<b>TOTAL REVENUES</b>	<b>\$ 544,018</b>	<b>\$ 670,015</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 65,386	\$ 66,060
610	Purchased Water		
615	Purchased Power	42,804	50,726
618	Chemicals	921	3,606
620	Repairs and Maintenance	22,493	13,950
621	Office Supplies and Expense		
630	Outside Services	12,025	18,700
635	Water Testing	10,820	15,957
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	3,847	4,967
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	9,262	16,913
403	Depreciation Expense	51,787	60,677
408	Taxes Other Than Income		
408.11	Property Taxes	13,761	17,640
409	Income Tax	124,199	162,387
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 357,305</b>	<b>\$ 431,583</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ 186,713</b>	<b>\$ 238,432</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$ 4,815
421	Non-Utility Income	2,460	2,693
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(2,874)	(3,077)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ (414)</b>	<b>\$ 4,431</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ 186,299</b>	<b>\$ 242,863</b>



COMPANY NAME Quail Creek Water Company

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 370,189

Meter Deposits Refunded During the Test Year \$ 51,441

COMPANY NAME	Quail Creek Water Company
Name of System	ADEQ Public Water System Number (if applicable)

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-608597	75	425	459	16	8	1952
55-608522	125	675	2,000	20	8	1974

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
20	3	110	
40	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
750,000	2	13,000	1

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME</b>	Quail Creek Water Company
<b>Name of System</b>	ADEQ Public Water System Number (if applicable)

### WATER COMPANY PLANT DESCRIPTION (CONTINUED)

#### MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	360
5		
6	PVC	40,984
8	PVC	18,624
10		
12	PVC	20,787
6	DIP	321
21	PVC	4,225

#### CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	1,514
1	128
1 1/2	4
2	7
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

#### TREATMENT EQUIPMENT:

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#### STRUCTURES:

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#### OTHER:

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*Note: If you are filing for more than one system, please provide separate sheets for each system.*

COMPANY NAME: <u>Quail Creek Water Company</u>	
Name of System	ADEQ Public Water System Number (if applicable)

### WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	1,374	9,830,458	10,864	Ø
FEBRUARY	1,409	9,654,651	10,931	Ø
MARCH	1,440	10,956,652	11,299	Ø
APRIL	1,448	11,528,800	12,044	Ø
MAY	1,489	12,559,212	13,326	Ø
JUNE	1,514	11,128,285	12,441	Ø
JULY	1,536	11,565,747	11,962	Ø
AUGUST	1,559	9,577,950	8,925	Ø
SEPTEMBER	1,568	8,659,630	9,489	Ø
OCTOBER	1,579	11,613,855	12,780	Ø
NOVEMBER	1,584	10,454,785	10,878	Ø
DECEMBER	1,585	9,191,119	9,935	Ø
TOTALS →		126,721,144	134,874	Ø

Well # 20 < 0.002 mg/L  
Well # 21 < 0.002 mg/L

What is the level of arsenic for each well on your system? \_\_\_\_\_ mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1,250 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

☒ Yes                      ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes                      ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes                      ☒ No

If yes, provide the GPCPD amount: \_\_\_\_\_

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME Quail Creek Water Company YEAR ENDING 12/31/2006

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 15,698.69

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

THIS CHECK IS VOID WITHOUT A GREEN & BLUE BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

2105 946 239070 30429353B  
**QUAIL CREEK WATER COMPANY**  
 9532 E Riggs Rd  
 Sun Lakes, AZ 85248-7411

JPMorgan Chase Bank, N.A.  
 201 N Central Ave Dept 383  
 Phoenix, AZ 85038

91-2/1221 **300813**

Date	Amount
04/07/06	\$*****6,852.57

**Pay**

SIX THOUSAND EIGHT HUNDRED FIFTY TWO AND 57/100 \*\*\*\*\*

Dollars

*[Signature]*

To The Order Of **BETH FORD, PIMA COUNTY TREASURER**  
 P O BOX 98765  
 PHOENIX AZ 85038-0765

SIGNATURE AREA CONTAINS A KNIGHT & FINGERPRINT CHECK WORDING

⑈300813⑈ ⑆122100024⑆0841 5331⑈ ⑆0000685257⑈

ABSENCE OF PINK U.S. PATENT NUMBERS UNDER SIGNATURE INDICATES CHECK IS FRAUDULENT PATENT NUMBERS ARE PRINTED WITH HEAT SENSITIVE INK & WILL DISAPPEAR WHEN BLOWING OR RUBBING

FOR DEPOSIT ONLY  
 TO THE CREDIT OF  
 BETH FORD  
 PIMA COUNTY TREASURER  
 PIMA COUNTY, ARIZONA  
 412-724168

DO NOT WRITE STAMP ON SIGN BELOW - RESERVED FOR FINANCIAL INSTITUTION USE


TO VIEW WATERMARKS  
 HOLD AT ANGLE  
 UPPER 1 PORT  
 UNDER BLACK LIGHT

KNIGHT™ FINGERPRINT

1. Micro Print - The word "Micro Print" is printed in a repeating pattern on the back of the check. 2. The U.S. Patent Number - The U.S. Patent Number is printed on the back of the check. 3. The U.S. Patent Number - The U.S. Patent Number is printed on the back of the check. 4. The U.S. Patent Number - The U.S. Patent Number is printed on the back of the check. 5. The U.S. Patent Number - The U.S. Patent Number is printed on the back of the check.

BANK OF AMERICA  
 1221617661 6247 58 107

Location	Acct #	Check #	Amount	Issue Date	Paid Date	Sequence
CD	8415331	300813	\$6,852.57		4/11/2006	8740375560
Customer Data	Bank #	GL Category	CD Valid/CIMS Key	CD Label		
	601	000000000000	20060428524801	20060428524801		

THIS CHECK IS VOID WITHOUT A GREEN & BLUE BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK HOLD AT ANGLE TO VIEW		JPMorgan Chase Bank, N.A. 201 N Central Ave Dept 383 Phoenix, AZ 85038		91-2/1221	300905				
70 <b>QUAIL CREEK WATER COMPANY</b> 9532 E Riggs Rd Sun Lakes, AZ 85248-7411 Pay		1/06 946-73-9070 etal		<table border="1"> <tr> <th>Date</th> <th>Amount</th> </tr> <tr> <td>10/13/06</td> <td>\$*****8,846.12</td> </tr> </table>		Date	Amount	10/13/06	\$*****8,846.12
Date	Amount								
10/13/06	\$*****8,846.12								
EIGHT THOUSAND EIGHT HUNDRED FORTY SIX AND 12/100 *****									
Dollars									
To <b>BETH FORD, PIMA COUNTY TREASURER</b> Order <b>P O BOX 98765</b> Of <b>PHOENIX AZ 85038-0765</b>									
									
<small>SIGNATURE AREA CONTAINS A KNIGHT &amp; FINGERPRINT CHECK MARKING</small>									
⑈300905⑈ ⑆122100024⑆0841 5331⑈ ⑆0000884612⑆									
<small>ABSENCE OF PINK U.S. PATENT NUMBERS UNDER SIGNATURE INDICATES CHECK IS FRAUDULENT. PATENT NUMBERS ARE PRINTED WITH HEAT SENSITIVE INK &amp; WILL DISAPPEAR WHEN BLOWING OR RUBBING.</small>									

[illegible]

<u>Location</u>	<u>Acct #</u>	<u>Check #</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Paid Date</u>	<u>Sequence</u>
CD	8415331	300905	\$8,846.12		10/26/2006	8740366505
<u>Customer Data</u>	<u>Bank #</u>	<u>GL Category</u>		<u>CD VolID/CIMS Key</u>	<u>CD Label</u>	
	601	000000000000		20061031464101	20061031464101	

VERIFICATION  
AND  
SWORN STATEMENT  
Taxes

RECEIVED

APR 27 2007

AZ CORP COMM  
Director Utilities

VERIFICATION

STATE OF Arizona  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>James L Poulos - General Manager</u>
COMPANY NAME	<u>Quail Creek Water Company</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

[Signature]  
SIGNATURE OF OWNER OR OFFICIAL

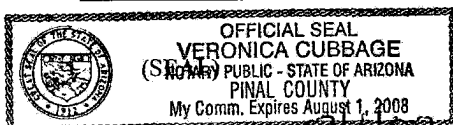
(480) 895-9200

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 26 DAY OF



MY COMMISSION EXPIRES 8/1/08

COUNTY NAME	<u>Pinal</u>
MONTH	<u>April</u>
	<u>2007</u>

Veronica Cubbage  
SIGNATURE OF NOTARY PUBLIC



COMPANY NAME Quail Creek Water Company

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>370,195</u>
Estimated or Actual Federal Tax Liability	<u>125,866</u>

State Taxable Income Reported	<u>383,949</u>
Estimated or Actual State Tax Liability	<u>26,754</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	_____
Amount of Gross-Up Tax Collected	_____
Total Grossed-Up Contributions/Advances	_____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

\_\_\_\_\_  
SIGNATURE

5/14/07  
DATE

James Paulos  
PRINTED NAME

General Manager  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

APR 27 2007

AZ CORP COMM  
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>James L. Poulos - General Manager</u>
COMPANY NAME	<u>Quail Creek Water Company</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 725,435

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 53,084  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST  
INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

26 DAY OF



MY COMMISSION EXPIRES 8/1/08

SIGNATURE OF OWNER OR OFFICIAL

(480) 895-9200

TELEPHONE NUMBER

COUNTY NAME

Pinal

MONTH

April

.2007

Veronica Cubbage  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE**  
Intrastate Revenues Only

**RECEIVED**

APR 27 2007

**AZ CORP COMM**  
Director Utilities

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) <i>Maricopa</i>	
NAME (OWNER OR OFFICIAL) <i>James Poulos</i>	TITLE <i>General Manager</i>
COMPANY NAME <i>Quail Creek Water Company</i>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 551,682

THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 38,684  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

SIGNATURE OF OWNER OR OFFICIAL

(480) 895-9200

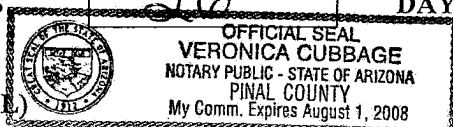
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** 26 **DAY OF**

(SEAL)



**MY COMMISSION EXPIRES**

8/1/08

NOTARY PUBLIC NAME

Veronica Cubbage

COUNTY NAME

Pinal

MONTH

April

2007

X Veronica Cubbage

SIGNATURE OF NOTARY PUBLIC